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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 2, 2017/2018

### **BGM 3854 - GLOBAL MANAGEMENT** (Distance Education)

9 MARCH 2018  
9:00 a.m – 11.00 a.m  
(2 Hours)

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#### **INSTRUCTIONS TO STUDENTS:**

- a. This question paper consists of **TWO** parts – Part A and Part B. The total number of pages for this examination paper is **7 pages** (including the cover page).
  
- b. Please answer **ALL** questions.
  - **Part A** contains multiple choice questions (40 marks). Shade the most appropriate response on the multiple-choice answer sheet.
  
  - **Part B** contains short answer questions (60 marks). Write your answers in the Answer Booklet provided.

**PART A: MULTIPLE CHOICE (40 marks)**

**Read each question below and then indicate the most appropriate response on the multiple-choice answer sheet. (2 marks for each correct answer, for a total of 40 marks)**

1. Small companies selling traditional products benefit from \_\_\_\_\_.
  - a. the barriers to trade that restrict their products from crossing domestic boundaries.
  - b. increased investment by foreign competitors in domestic markets.
  - c. government policies that seek to regulate the flow of capital across national borders.
  - d. technology that lowers the costs and difficulties of global communication.
  
2. \_\_\_\_\_ refers to the trade of any domestic good or service to a destination outside a country or region.
  - a. Importing
  - b. Foreign Direct Investment
  - c. Exporting
  - d. International business.

Question 3 and 4 are based on the following text:

Disney's assumed Europeans had the same love for Disney characters that Americans did, and rolling out a Europe-wide marketing campaign for Euro Disney (now Disneyland Paris) when it was opened in 1992, without cultural customization for different countries and regions showcased Disney's own \_\_\_\_\_ (i). The outcome of these mistakes in planning Euro Disney, now Disneyland Paris, was evident on Day One. Attendance numbers were well below projections (500,000 were expected on opening day in 1992, but only 50,000 showed up), and the park took on a significant amount of debt. However, Disney leaders took steps to ensure the success of their next theme park in Hong Kong, which was opened in 2005 by implementing various \_\_\_\_\_ (ii) exercises. This included hiring feng shui experts to help with placement of buildings and objects, the addition of a Chinese-style garden, modification of menus and the removal of fourth-floor signage from all hotel buildings. (Four is considered unlucky in China, just like 13 is in the United States.).

(Excerpted from: <http://www.businessadministrationinformation.com/marketing/goofy-in-a-beret-cultural-considerations-in-international-business>, 8 August, 2017)

**Continued ...**

3. Words that best match item (i) and (ii) in the text above are:

- cultural imperialism ... cultural trait
- material culture ...cultural diffusion
- popular custom...values
- ethnocentric ... cultural adaptability

4. Disney leaders apply \_\_\_\_\_ to ensure the success of their theme park in Hong Kong when hiring feng shui experts and removing the fourth-floor signage.

- cultural intelligence
- cultural trait
- cultural diffusion
- cultural adaptability

5. The relative ability of two countries' currencies to buy the same basket of goods in those two countries is called \_\_\_\_\_.

- gross national product
- gross domestic product
- purchasing power
- purchasing power parity

6. \_\_\_\_\_ are the most basic non-equity mode of entry, capitalizing on economies of scale in production concentrated in the home country and providing better control over distribution.

- Indirect exports
- Direct exports
- Turnkey projects
- Acquisitions

7. OLI advantages refer to a firm's quest for \_\_\_\_\_ via FDI.

- oligopolistic advantages, laissez-faire advantages, and intrafirm trade advantages
- outsourcing advantages, licensing advantages, and importing advantages
- organization advantages, leadership advantages, and innovation advantages
- ownership advantages, location advantages, and internalization advantages

Continued ...

8. Firms prefer FDI to licensing because FDI \_\_\_\_\_.  
a. increases the chances of opportunism when dealing with a host nation entity  
b. requires complete dissemination of technological know-how to host nation entity  
c. protects the firm from economic agglomeration  
d. provides the firm with direct ownership to its foreign assets

9. Economic integration whereby countries remove all barriers to trade and the movement of labor and capital between themselves and set a common trade policy against nonmembers is called a \_\_\_\_\_.  
a. free trade area  
b. customs union  
c. common market  
d. preferential trade area

10. Which of the following is the intentional lowering of a currency's value by its government?  
a. Revaluation  
b. Devaluation  
c. Currency hedging  
d. Currency arbitrage

11. Which of the following was an advantage of the gold standard?  
a. It retained trade imbalances.  
b. It abolished monetary policies on all countries.  
c. It reduced the risk in exchange rates.  
d. It increased exchange-rate fluctuations.

12. \_\_\_\_\_ is a countertrade whereby one company sells to another its obligation to make a purchase in a given country.  
a. Franchising  
b. Joint venture  
c. Switch trading  
d. Barter

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Continued ...

13. Which of the following financing methods entails the greatest risk for importers?

- a. Documentary collection
- b. Advance payment
- c. Letter of credit
- d. Open account

14. \_\_\_\_\_ is a contract between the exporter and shipper that specifies merchandise destination and shipping costs.

- a. sight draft
- b. bill of lading
- c. letter of credit
- d. bill of exchange

15. France gave Excelsior's Limited permission to export its product as long as the company obtained a special license first. Excelsior has been waiting six months for the license and is wondering if it will ever arrive. Excelsior's Limited is experiencing a(n) \_\_\_\_\_.

- a. administrative delay
- b. local content requirement
- c. embargo
- d. currency control

16. Countries might impose a(n) \_\_\_\_\_ in response to the threat of an import quota or total ban on a product by an importing nation.

- a. embargo
- b. ad valorem tariff
- c. compound tariff
- d. voluntary export restraint

17. When one company supplies another with intangible property and other assistance over an extended period is an example of \_\_\_\_\_:

- a. licensing
- b. management contract
- c. franchising
- d. strategic alliance

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18. On 1<sup>st</sup> Jan 2018, Toyota announced its new managerial executives worldwide in its website. Suzi observes the managers' names in the website as follows:

|                 |  |
|-----------------|--|
| Robert Carter   | <ul style="list-style-type: none"> <li>• Toyota Motor North America, Inc.</li> <li>• Toyota Motor Sales, U.S.A., Inc. (Executive general manager)</li> </ul>       |
| Masahide Yasuda | <ul style="list-style-type: none"> <li>• East Asia &amp; Oceania Division.</li> <li>• Toyota Motor Corporation Australia Ltd. (Project General Manager)</li> </ul> |

Based on the information above, Suzi can infer that Mr. Robert Carter, the executive general manager of Toyota Motor Sales, U.S.A manages Toyota U.S.A sales is part of Toyota (i) staffing. While, Mr. Masahide Yasuda who is the project general manager of Toyota Motor Corporation Australia Ltd is part of Toyota (ii) staffing. The best answers that match the blank spaces are:

- a. (i) polycentric, (ii) ethnocentric
- b. (i) ethnocentric (ii) polycentric
- c. (i) regiocentric, (ii) ethnocentric
- d. (i) polycentric, (ii) geocentric

19. A strategy of adapting products and their marketing strategies in each national market to suit local preferences is called a \_\_\_\_\_.

- a. multinational strategy
- b. stability strategy
- c. global strategy
- d. retrenchment strategy

20. Which of the following terms best describes foreign direct investment?

- a. Directly investing in, controlling, and managing value-added activities in other countries.
- b. Directly investing in, controlling, and managing value-added activities in other markets.
- c. Directly investing in shares of multinational enterprise.
- d. Directly exporting products to other countries.

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**PART B: ESSAY QUESTIONS (60 marks)****Answer ALL questions.**

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**Question 1 (20 marks)**

- a. Explain THREE (3) reasons for firms to enter foreign markets. (6 marks)
- b. Discuss THREE (3) benefits of regional integration by illustrating an example for each benefit. (12 marks)

**Question 2 (20 marks)**

- a. Explain THREE (3) implications of education system of a country towards international business. (9 marks)
- b. What is Hofstede's definition of culture? Explain any THREE (3) dimension in Hofstede's cultural framework. (11 marks)

**Question 3 (20 marks)**

Compare the characteristics of the international division structure, the international area structure and the global product structure. Then, describe TWO (2) managerial roles that managers in each organisational structure should perform.

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